Pt 3 Podcast Title The 6-Stage Collapse – Understanding the Pattern

Segment 1: The Countdown to Stage Six We are currently living through a historical pattern that has played out five times in modern civilization. **If we are in Stage 3 today, history suggests we have only 24 to 36 months until we reach Stage 6.** This timeline raises a critical question: what will happen to your savings, investments, and retirement accounts as we progress through these final stages?. It is a mistake to assume the government will simply "figure it out," as the historical record shows that five previous civilizations held that same belief and were proven wrong. While the outcome is approaching, **knowing this specific sequence gives you the opportunity to prepare in a way that previous generations could not.**

Segment 2: The Chilling Parallels of 1929 and 2021 To understand the gravity of our situation, we must look at the evidence found in historical data. If you overlay the market charts from 1929 and 2021, the similarities are striking.

- **The 1920s Era:** Between 1922 and 1929, the Dow Jones climbed 505%, while margin debt—money borrowed to buy stocks—exploded to 13% of GDP. During this time, the Federal Reserve kept interest rates low, and credit was cheap and ubiquitous.
- **The Modern Era:** From 2009 to early 2022, the S&P 500 saw a nearly identical 609% increase. Margin debt again reached approximately 13% of GDP, and the Federal Reserve kept interest rates at zero for seven years while pumping $4.5 trillion into the system.

The parallel is not just approximate; it is almost identical in terms of percentage increases and the ratio of borrowed money to economic output.

Segment 3: The Illusion of Wealth In both eras, the public discourse followed the same script. In 1928, economist Irving Fisher famously claimed stock prices had reached a "permanently high plateau". Similarly, in 2021, prominent investors predicted the S&P would continue to skyrocket, believing traditional valuation metrics no longer applied. **That "intoxicating sense" that everyone is getting rich—from meme stocks to cryptocurrency—is not a sign of prosperity; it is a symptom of Stage 1 entering Stage 2.**

Historians call this the **"illusion of wealth,"** a phenomenon where money creation outpaces value creation by a massive margin. We saw this in 1788 with French nobles who hosted lavish parties while their treasury was insolvent. Their wealth felt real because their investments paid dividends, but the entire system was built on a foundation of debt that was about to crack.

Segment 4: The Reality Behind the Numbers Between 2019 and 2021, American household net worth increased by $33 trillion—the fastest accumulation of wealth in recorded history. However, we must ask where that money came from. **It did not come from producing $33 trillion in new goods and services; it came from the Federal Reserve creating $5 trillion in new money and the government engaging in $6 trillion of deficit spending.** Essentially, we produced dollars instead of value, and those dollars are now chasing existing assets.

Analogy for Clarity: To better understand the "illusion of wealth," imagine a small town where the local theater has only 100 seats, but the town leader decides to print and hand out 1,000 tickets to everyone for free. For a moment, everyone feels "rich" because they all hold a ticket to the show. However, the wealth is an illusion because the number of actual seats (the real goods and services) hasn't changed. When the doors open, the value of those tickets will crash as people realize there is nowhere to sit.